AUDIT

Surety and guarantee risks

Federal Finance Administration

KEY FACTS

In 2017, the Finance Delegation instructed the SFAO to assess the risks associated with sureties and guarantees[4]. Sureties are contracts under which a surety or guarantor undertakes to assume responsibility for the liabilities of a debtor if the latter defaults. The SFAO assessed the risks of the Confederation having to assume liabilities as a surety or guarantor. In 2024, the SFAO decided to reassess these risks.

As at 31 December 2024, the maximum callable sureties and guarantees totalled just under CHF 33.5 billion. The recognised contingent liabilities amounted to CHF 811 million. The audit indicated that the likelihood of occurrence is low for most of the risks (27.2 bn). With regard to the CHF 6.2 billion in COVID-19 bridging credits secured by sureties, there is a medium risk that the sureties will be called or enforced. These sureties did not yet exist in 2017. The breakdown between the two risk categories is essentially the same as in 2017.

This assessment is a snapshot and can change. It depends to a large extent on the global and local development of the economy and financial markets. The focus is on sureties and guarantees of just under CHF 33.5 billion. If the global or even local financial and economic situation were to develop in a decidedly negative manner, default risks with severe damage could result for the Confederation. Political decisions could also have an adverse effect.

[4] Audit mandate 18574, Surety and guarantee risks – Finance Delegation of the Federal Assembly